

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Business Meeting)
)
_____)

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, AUGUST 10, 2005

10:03 A.M.

Reported by:
Peter Petty
Contract No. 150-04-002

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

Joseph Desmond, Chairperson

Arthur Rosenfeld

John L. Geesman

James D. Boyd

STAFF PRESENT

Scott Matthews representing the Executive Director

Arlene Ichien representing the Chief Counsel

Song Her, Acting Secretariat

Martha Krebs

Gail Wiggett

Jim Holland

Claudia Orlando

Alec Jenkins

Ann Peterson

Don Kondoleon

PUBLIC ADVISER

Margret Kim

I N D E X

	Page
Proceedings	1
Award Presentation	1
Items	1
1 AMP Resources (Surprise Valley), LLC	3/6
2 Appliance Efficiency Regulations Proposed Amendments	5
3 Antelope Valley Union High School District	6
4 Trustees of the California State University	8
5 Lawrence Berkeley National Laboratory	10
6 Center for Energy Efficiency Renewable Technologies	12
7 Minutes	14
8 Commission Committee and Oversight	15
9 Chief Counsel's Report	16
10 Executive Director's Report	17
11 Legislative Director's Report	19
12 Public Adviser's Report	19
13 Public Comment	20
Adjournment	20
Certificate of Reporter	21

P R O C E E D I N G S

10:03 a.m.

CHAIRPERSON DESMOND: I'd like to call this meeting to order. Please rise and join me in reciting the Pledge of Allegiance.

(Whereupon the Pledge of Allegiance was recited in unison.)

CHAIRPERSON DESMOND: Welcome, everyone. It's so nice that we have Commissioner Rosenfeld back from his safari journey in Africa. So, --

COMMISSIONER ROSENFELD: Junket.

CHAIRPERSON DESMOND: Yeah, that was your personal vacation, though, wasn't it?

COMMISSIONER ROSENFELD: Yes.

CHAIRPERSON DESMOND: Okay, before we begin to move through the agenda items I have one change, and that is an award that we'd like to present. And receiving that award will be Martha Krebs; and this is for the Life Faire Showcase, best of category and best of -- and the 2005 energy award.

Let me just read a little bit about the background here so folks know what this is. This is a product which is called SPOT, the sensor placement and orientation tool. It was a product

1 designed under the Energy Commission's PIER
2 research program within the building area. And it
3 received two top awards from the 2005 Life Faire
4 International Convention in the New Products
5 Showcase.

6 The tool itself, SPOT, which was
7 developed by AEC under the PIER's direction,
8 received the top spot in the best-of category for
9 research, publications, design and analysis
10 software. And top recognition for excellence in
11 lighting energy management and savings with
12 controls and control software.

13 It was developed with classroom
14 daylighting in mind, but can be used for all types
15 of spaces. It handles top and side daylighting
16 strategies, modeling lighting sources and it
17 really is intended to establish optimal placement
18 for sensors within buildings.

19 And it is available at no cost; it is
20 freeware, available downloadable from the AEC
21 Corporation, and I'm sure also the Commission
22 could provide access to that, as well.

23 I would also point out that they 220
24 entries and 34 awards presented. So, my
25 congratulations to AEC and PIER. And if you'd

1 come up and accept these awards, that'd be great.

2 Or did you want to add anything to that?

3 MS. KREBS: I just want to say that the
4 PIER program overall works very hard to make
5 technology transfer happen. And it's nice to be
6 recognized. And it's important for me to say that
7 the people who really did this were in the
8 building efficiency program led by Nancy Jenkins
9 at the time. Thank you.

10 (Applause.)

11 CHAIRPERSON DESMOND: I don't know if
12 any of the Commissioners wanted to add --

13 COMMISSIONER ROSENFELD: Just to echo
14 Martha's words. It's amazing how we keep
15 improving the efficiency of lighting in commercial
16 buildings.

17 I think in the time I've been in this
18 game, lighting has come down -- when I first got
19 started a typical intensity was five watts per
20 square foot. And now people get away with close
21 to a half a watt per square foot. That's a gain
22 of a factor of ten. That's pretty wonderful.

23 CHAIRPERSON DESMOND: Thank you. Okay,
24 moving on then. First item on the agenda for
25 consideration is AMP Resources, Sunrise Valley.

1 And this is possible approval of a proposed change
2 from Lake City Geothermal to AMP Resources, which
3 is the Surprise -- I'm sorry, I said Sunrise --
4 Surprise Valley, LLC, reflecting a change in name
5 and ownership of the original grant application.
6 Ms. Wiggett.

7 MS. WIGGETT: Basically this is simply a
8 request to approve what is effectively a new
9 recipient. The technical people from Lake City
10 Geothermal were transferred in toto to AMP
11 Resources, Surprise Valley. It's a new entity
12 because it has a new name and the owners are new,
13 and the financial people are new. But the
14 technical people are the same, and the project is
15 the same.

16 And it was approved for an award under
17 the GRDA program in June 2004 business meeting.
18 But then they sold the company before we could do
19 the funding agreement.

20 CHAIRPERSON DESMOND: Okay, and as I
21 understand it there's no change in the amount of
22 Commission funding, so unless there's any further
23 comments I'll look for a motion.

24 COMMISSIONER ROSENFELD: I move item 1.

25 PRESIDING MEMBER GEESMAN: Second.

1 CHAIRPERSON DESMOND: So moved.

2 Item number 2, Appliance Efficiency
3 Regulations. This is a notice of proposed action
4 for the current appliance efficiency regulations
5 addressing the 45-day and the 15-day language.

6 Mr. Holland, if you'll -- I believe this
7 is primarily administrative.

8 MR. HOLLAND: Good morning,
9 Commissioners. I'm Jim Holland from the appliance
10 program. And because we received comments on our
11 45-day language edition of the amendments to the
12 appliance efficiency regulations, we are going to
13 issue 15-day language officially on or about 22
14 August.

15 And we will be issuing the revised
16 proposed amendments to the appliance efficiency
17 regulations on or before 22 August. Staff
18 anticipates presenting these revised amendments to
19 the Commission for possible adoption at the
20 September 7th business meeting, barring any
21 additional changes that need to be made.

22 CHAIRPERSON DESMOND: Any further
23 discussion? Motion?

24 COMMISSIONER ROSENFELD: I move item 2.

25 COMMISSIONER BOYD: Second.

1 CHAIRPERSON DESMOND: All those in
2 favor?

3 (Ayes.)

4 CHAIRPERSON DESMOND: Opposed? So
5 moved. Commissioner Boyd has correctly pointed
6 out I failed to call for the vote on item number
7 1, so we'll go back.

8 We had a motion and a second.

9 All those in favor?

10 (Ayes.)

11 CHAIRPERSON DESMOND: Opposed? So
12 moved. Thank you.

13 Back to agenda item number 3, the
14 Antelope Valley Union High School District. This
15 is the possible approval of a request to include
16 energy management systems to the scope of work in
17 the Antelope Valley Union High School District
18 loan.

19 The District already has received a \$2
20 million loan that was approved from the Commission
21 for the installation of efficient lighting and
22 controls.

23 I note that they have been able to
24 achieve additional rebates and have additional
25 moneys under the original loan, so, Ms. Orlando.

1 MS. ORLANDO: Yes, the Antelope Valley
2 Union High School District participated in the
3 Energy Commission's Bright Schools Program back in
4 2001, and received comprehensive energy audits of
5 11 sites and administrative support sites. They
6 also had design review of three modernization
7 projects at high schools.

8 And in the project lighting retrofits
9 were identified, as well as HVAC improvements that
10 include energy management systems.

11 The District then took a \$2 million loan
12 for financing lighting improvements and
13 replacement of heat pumps. They were also able to
14 include more of the lighting projects in the
15 modernization than they had originally anticipated
16 when they applied for the loan.

17 Because the loan specifically stated
18 replacement of heat pumps, it did not include
19 energy management systems that were identified in
20 the energy audit and the modernization design
21 review.

22 So now the District would like to
23 include energy management systems in the scope of
24 work. There will be no change to the loan amount.
25 They will use the rebate and the remainder of the

1 loan to finance this project. It will allow them
2 to put energy management systems in all of their
3 high schools.

4 So the staff is recommending approval of
5 adding the scope of work to the loan and there'll
6 be no change in the loan amount.

7 CHAIRPERSON DESMOND: Okay. With no
8 change in the loan amount, and I would also note a
9 reduction in the simple payback for the school
10 district --

11 MS. ORLANDO: Yes.

12 CHAIRPERSON DESMOND: -- it's an
13 improvement. Any further discussion?

14 COMMISSIONER ROSENFELD: Sounded good to
15 the Energy Efficiency Committee. I move item 3.

16 PRESIDING MEMBER GEESMAN: Second.

17 CHAIRPERSON DESMOND: All those in
18 favor?

19 (Ayes.)

20 CHAIRPERSON DESMOND: Opposed? So
21 moved.

22 MS. ORLANDO: Thank you.

23 CHAIRPERSON DESMOND: Item number 4,
24 it's the Trustees of the California State
25 University system. Possible approval of 11 grant

1 applications totaling \$823,638 to the Energy
2 Innovation Small Grant Program in response to
3 solicitation cycle 04-02. Mr. Jenkins.

4 MR. JENKINS: Good morning, Chairman
5 Desmond and Commissioners. I am Alec Jenkins; and
6 I am the Program Manager for the Energy Innovation
7 Small Grant Program.

8 Item 4 on the agenda consists of 11
9 competitively selected projects from 72 that were
10 submitted to the solicitation. Each project
11 represents an innovation that has the potential to
12 bring significant value to California electric
13 ratepayers.

14 Seven of the 11 projects are from small
15 businesses. The remaining four projects are from
16 academic researchers.

17 The projects were approved by the R&D
18 Committee, and I recommend them for your
19 consideration and approval.

20 CHAIRPERSON DESMOND: Okay. Discussion?

21 PRESIDING MEMBER GEESMAN: I think this
22 is one of the best things we do in the PIER
23 program, so I would move the item.

24 COMMISSIONER ROSENFELD: Yes, Alec
25 convinced us they're all interesting, all of them.

1 I move.

2 CHAIRPERSON DESMOND: Okay, unless
3 there's any further comments then call for the
4 vote.

5 All those in favor?

6 (Ayes.)

7 CHAIRPERSON DESMOND: Opposed? So
8 moved. Thank you.

9 MR. JENKINS: Thank you.

10 CHAIRPERSON DESMOND: Item number 5,
11 Lawrence Berkeley National Laboratory. Possible
12 approval of contract 500-05-006 for \$250,000 for
13 codes and standards enhancement activities
14 supporting high-slope residential cool roofs.
15 This is for Title 24 support, I believe.

16 MS. PETERSON: Correct.

17 CHAIRPERSON DESMOND: Ms. Peterson.

18 MS. PETERSON: Good morning,
19 Commissioners and Chairman. My name is Ann
20 Peterson; I'm the Lead of the Buildings Program in
21 PIER.

22 The item before you today is approval of
23 a contract with Lawrence Berkeley National
24 Laboratory for \$250,000. This contract is
25 supported by the energy efficiency division and

1 will provide analysis and enhancements to
2 California's building energy efficiency standards
3 to encourage residential cool roofs.

4 In November of 2003 the Energy
5 Commission amended the building standards to adopt
6 cool roofs as a prescriptive requirement for low-
7 sloped roofs in nonresidential buildings.

8 This contract will develop codes and
9 standard studies for application of cool roofs on
10 residential low-sloped roofs and residential
11 steep-sloped roofs.

12 A companion study is being sponsored by
13 Pacific Gas and Electric that will develop codes
14 and standards study for nonresidential, steep-
15 sloped roofs.

16 The overall technical goals of this
17 project are to produce cost/benefit analysis,
18 develop stakeholder consensus and supporting
19 documentation and code language for the adoption
20 of cool-colored roofing solar reflectance
21 requirements for the 2008 standards.

22 The Research and Development Committee
23 has given their approval for this item that's
24 before you today. And I'd be happy to answer any
25 questions that you have.

1 CHAIRPERSON DESMOND: Questions?

2 COMMISSIONER ROSENFELD: I move the
3 item.

4 PRESIDING MEMBER GEESMAN: Second.

5 CHAIRPERSON DESMOND: All those in
6 favor?

7 (Ayes.)

8 CHAIRPERSON DESMOND: Opposed? So
9 moved. Thank you.

10 MS. PETERSON: Thank you.

11 CHAIRPERSON DESMOND: Item number 6,
12 Center for Energy Efficiency and Renewable
13 Technologies. Possible approval of contract 500-
14 05-005 in the amount of \$799,758 to provide a
15 complete and comprehensive conceptual transmission
16 development plan that will allow approximately
17 4000 megawatts of wind power in the Tehachapi area
18 and 2000 megawatts of geothermal power in the
19 Imperial Valley area to reach load centers in
20 California. Mr. Kondoleon.

21 MR. KONDOLEON: Good morning, Chairman
22 and Commissioners. I'm here for Clare Laufenberg
23 who's taking a well-deserved vacation this week.

24 I am the Transmission Program Manager as you
25 all know.

1 And with regard to this contract, staff
2 recommends the Commission approve this proposed
3 contract with CEERT as a means of assuring that
4 appropriate leadership is provided in the
5 Tehachapi and Imperial Valley study groups to
6 resolve the ongoing institutional issues and to
7 insure that the required transmission upgrades are
8 implemented in a timely fashion.

9 I'm here to answer any questions you may
10 have on this contract.

11 CHAIRPERSON DESMOND: Any questions?

12 PRESIDING MEMBER GEESMAN: Well, I would
13 observe, Mr. Chairman, that FERC did us no favors
14 in turning down the Edison Company's proposal for
15 a renewable trunk line that would have served the
16 Tehachapi area. And this contract, I think, is
17 likely to prove critical to our ongoing efforts,
18 as a state government, to try and get necessary
19 infrastructure built to the renewable resource
20 areas if we're going to develop those resources.

21 I think we've got a lot of work to do
22 going forward that we'll take up in both the
23 Energy Action Plan and in the IEPR. But this
24 contract and the success that we've had with the
25 study groups in both areas previously are a key

1 part of that.

2 So I would move the item.

3 CHAIRPERSON DESMOND: Okay.

4 COMMISSIONER BOYD: I second the item.

5 COMMISSIONER ROSENFELD: Second.

6 CHAIRPERSON DESMOND: Okay, I certainly
7 concur, Commissioner Geesman, with furthering both
8 the state's RPS objectives as well as previous
9 recommendations contained in the IEPR. So we'll
10 call for a vote.

11 All those in favor?

12 (Ayes.)

13 CHAIRPERSON DESMOND: Opposed? So
14 moved. Thank you, Mr. Kondoleon.

15 MR. KONDOLEON: Thank you.

16 CHAIRPERSON DESMOND: Agenda item number
17 7 is approval of the minutes from the July 27,
18 2005 business meeting.

19 COMMISSIONER ROSENFELD: I move the
20 minutes.

21 COMMISSIONER BOYD: Second.

22 CHAIRPERSON DESMOND: Those in favor?

23 (Ayes.)

24 CHAIRPERSON DESMOND: Opposed? So
25 moved.

1 Item number 8, Commission Committee and
2 Oversight. Do we have anything, Mr. Matthews? I
3 don't believe so.

4 PRESIDING MEMBER GEESMAN: I'd like to
5 take note of the Southern California Edison
6 Company's announcement yesterday of their Sterling
7 solar project, which starts out as a one megawatt
8 demonstration of Sterling technology in a solar
9 thermal application. And is designed for
10 development of a 500 megawatt field with an option
11 to expand the project to 850 megawatts.

12 I know that we have previously bumped
13 heads a bit with the company's lobbyists over
14 singling Edison out, holding them to higher
15 targets as our 2004 IEPR update recommended. But
16 I think there are positive developments that flow
17 from high expectations.

18 And I'm particularly pleased that the
19 Edison Company has exerted the historic role that
20 they played in the late '70s and early '80s in
21 pioneering some of these technologies. I think
22 yesterday was a good day for solar energy, a good
23 day for the Southern California Edison Company,
24 and a good day for California.

25 CHAIRPERSON DESMOND: Okay. I would

1 also note that in the federal energy legislation
2 signed by President Bush earlier this week
3 includes an extension of the renewable portfolio
4 credits -- excuse me, not portfolio, renewable
5 energy credits, as well as, since we're talking
6 about solar, an emphasis on a 30 percent tax
7 credit for both commercial and residential.

8 So, all very positive news in that
9 sense.

10 Moving on then. Agenda item number 9,
11 Chief Counsel's report.

12 MS. ICHIEN: Arlene Ichien sitting in
13 for Bill Chamberlain. There's nothing new to
14 report today.

15 CHAIRPERSON DESMOND: Okay. Arlene, I
16 would ask that you go back to either Bill or
17 Jonathan Bles. Not at the last meeting, but I
18 believe at the July 27th business meeting, there
19 was a request made by Commissioner Geesman and
20 myself that the legal department look into issues
21 around clean coal and whether or not California --
22 what the legal issues might be on imposing
23 requirements on out-of-state procurement.

24 To date I have not heard anything back
25 from the legal department. I'd also note that we

1 have an IEPR workshop scheduled next Wednesday and
2 Thursday on clean coal. And these are very
3 relevant issues.

4 So I would ask that they please have
5 something to present to this Commission at the
6 next business meeting. And insure that it makes
7 its way into the IEPR report.

8 MS. ICHIEN: Okay. I do know that
9 Jonathan Blees is working on a legal memo --

10 CHAIRPERSON DESMOND: Okay.

11 MS. ICHIEN: -- to provide you.

12 CHAIRPERSON DESMOND: Thank you.

13 Agenda item number 10, Executive
14 Director's report. Mr. Matthews.

15 MR. MATTHEWS: B.B. is in Tennessee for
16 a well-deserved little break, although he's
17 working on other business.

18 I would like to thank the IEPR Committee
19 for the excellent, although grueling, sessions
20 that you held with the staff, going through all
21 the various policy areas and asking for staff's
22 input and having an excellent discussion on each
23 of those areas.

24 From the staff's point of view, it's
25 very rewarding to be able to participate in those

1 kind of just open and honest discussions. And
2 allow staff to feel that they have, you know,
3 input into the policy and so on.

4 I was unable to attend all of them,
5 unfortunately; but I enjoyed what I was able to
6 do. And so I, just on behalf of staff, would like
7 to thank you for that.

8 And especially, Melissa Jones, for
9 keeping us all on track, which was, given a staff
10 that loves to have long, wide-ranging discussions
11 on abstract topics, keeping on schedule was a
12 masterful job. So, thank you.

13 COMMISSIONER BOYD: Thank you, Scott.
14 Maybe next year we can think about providing lunch
15 for these --

16 (Laughter.)

17 COMMISSIONER BOYD: -- these marathons.

18 MR. MATTHEWS: We'll put it in the
19 budget.

20 (Laughter.)

21 CHAIRPERSON DESMOND: Very good. Any
22 further comments? I'd also like to extend my
23 appreciation to my colleagues here for taking the
24 time to continue to attend those meetings. And
25 they are critical to the formulation of

1 California's energy.

2 And look forward to a very successful
3 and informative IEPR report when it comes out
4 later this year. So, staff also should be
5 acknowledged for the hard work that has gone in,
6 in addition to the Commissioners. It is clearly a
7 group effort, as well as the stakeholders who take
8 the time to attend those meeting, too.

9 Unless there are any further items, Mr.
10 Matthews?

11 MR. MATTHEWS: No.

12 CHAIRPERSON DESMOND: Okay. Item number
13 11, Legislative Director's report. I don't
14 believe we have -- okay.

15 Item number 12, Ms. Kim, Public
16 Adviser's report.

17 MS. KIM: Good morning. I just wanted
18 to highlight a couple of IEPR workshops next week.
19 On Monday, the 15th and Tuesday, the 16th, the
20 IEPR Committee will be holding a workshop on
21 nuclear power. And on Wednesday and Thursday, the
22 17th and 18th, they'll be holding an IEPR workshop
23 on clean coal and imports.

24 CHAIRPERSON DESMOND: Great, thank you.

25 MS. KIM: And that's all.

1 CHAIRPERSON DESMOND: Thank you. Item
2 number 13, do we have any public comments today?
3 No.

4 Okay, hearing no further comments,
5 nothing else from anyone in the audience, we'll
6 conclude this business meeting. Thank you.

7 (Whereupon, at 10:23 a.m., the business
8 meeting was adjourned.)

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CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter,
do hereby certify that I am a disinterested person
herein; that I recorded the foregoing California
Energy Commission Business Meeting; that it was
thereafter transcribed into typewriting.

I further certify that I am not of
counsel or attorney for any of the parties to said
meeting, nor in any way interested in outcome of
said meeting.

IN WITNESS WHEREOF, I have hereunto set
my hand this 16th day of August, 2005.

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